



July 2006

Notes

The Newsletter of Kentucky's Affordable Prepaid Tuition

Federal Financial Aid Treatment Improves

Legislation recently passed by Congress made a significant, positive change to the federal financial aid treatment of 529 prepaid college savings plans. Prior to July 1, tuition prepayment plans were excluded from being reported as an asset on the Free Application for Federal Student Aid (FAFSA). Instead, federal law required that KAPT benefits be treated as a financial resource of the beneficiary for federal need-based financial aid, a much more significant offset which may have resulted in a reduction of aid eligibility.

As of July 1, tuition prepayment plans are treated as a parental asset on the FAFSA (if the parent is the owner), like 529 savings plans are currently treated. This means your KAPT savings will be subject to no more than the maximum 12 percent assessment rate, instead of a potential dollar-for-dollar reduction in federal aid eligibility. You should report the total refund value of **all** KAPT accounts owned by you on the FAFSA. For purposes of FAFSA reporting, the refund value for KAPT accounts of beneficiaries entering or already attending college is the full payout value of the account (including earnings). For KAPT accounts of beneficiaries who have not yet reached their college enrollment year, the refund value is equal to contributions only.

Since the 2006–2007 FAFSA does not reflect this change in federal treatment, the Department of Education has issued guidance to schools on how to help FAFSA applicants correct the necessary asset amounts and submit the corrections for reprocessing. KAPT also sent a letter to financial aid directors providing guidance on how to implement the new treatment. You should contact your beneficiary's financial aid office for help in making this correction to your 2006–2007 FAFSA. To assist with this process, KAPT customer service can provide you with the refund value of your account(s) for FAFSA reporting. Please call 1-888-919-KAPT to request this information.

Your contract benefits continue to be excluded in determining the amount of Kentucky state student aid your beneficiary will receive. You should contact the school financial aid office to determine the impact your KAPT contract may have on eligibility for other types of financial aid.



KAPT Committee Examines Enrollment Options

On May 25, the KAPT Board Chairman appointed a three-member board committee to consider the options for reopening KAPT for enrollment. The committee will meet on the same days as the other board committees. Committee meetings are scheduled for August 1 and November 7 at 9 a.m. at the Kentucky Higher Education Student Loan Corporation Offices in Louisville. Full board meetings are scheduled for August 24 and November 30 at 9 a.m. at the Kentucky Higher Education Assistance Authority in Frankfort. These meetings are open to the public. If you would like more information, contact Jo Carole Ellis at 502.696.7442 or jcellis@kheaa.com.



Using KAPT Benefits in 2006

If your KAPT beneficiary will be entering college this fall, you should have received a benefit usage packet in April that provides detailed information and instructions on applying for and using your KAPT benefits. Please note that your KAPT account must be paid in full, including all outstanding fees, before your benefits can be used.

If your beneficiary is already using KAPT benefits, you can print a Billing Authorization Form and other benefit use forms and view updated payout value information at www.getKAPT.com. Remember that you should submit a Billing Authorization Form to the school each semester you want the school to invoice KAPT for tuition and fees.

If you request a residual benefits payment directly to you, KAPT recently implemented an ACH process so the payment can be sent electronically to your bank account. A second page has been added to the Residual Benefits Request Form so you can provide the information for electronic payment.

If your beneficiary will be attending an out-of-state school, please notify KAPT of the school he or she plans to attend so we can make sure the school has the necessary information to request payment from KAPT. You may indicate your beneficiary's school choice online at www.getKAPT.com by selecting "Account Information."

If you have any questions about using KAPT benefits, please call 1-888-919-KAPT or see the Using Benefits section at www.getKAPT.com.



New Investment Manager Selected

On June 30, the KAPT Board approved the selection of State Street Global Advisors to provide investment management of KAPT assets for the next two years. State Street was selected after a competitive Request for Proposals process in which State Street's investment performance and pricing was judged as the best value for KAPT. State Street is expected to begin asset management in October.

KAPT Online Account Access Available

You can view your KAPT accounts online with secure, 24-hour online access.

You can check your current account status and recent financial transactions, update your mailing address and e-mail, and track tuition payments made to schools on behalf of a student.

Check out your accounts at www.getKAPT.com by selecting the "Account Access" link from the KAPT home page. You will need your KAPT account number and Social Security number to get started. If you have multiple KAPT accounts, you may use any of your KAPT account numbers to login.

If you have any questions, please call us toll free at 1-888-919-KAPT.



How to Contact Us

Toll-free Phone:	888-919-KAPT, Press Prompt 2
Send Payments To:	KAPT P.O. Box 633016 Cincinnati, OH 45263-3016
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